

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 5270-SWNT-1

Investigation into Least-Cost)
Investments, Energy Efficiency,)
Conservation and Management of)
Demand for Energy In Re: Swanton)
Electric Department's Integrated)
Resource Plan)

Order entered: 1/17/96

PRESENT: Paul Peterson, Esq., Hearing Officer

APPEARANCES: William B. Piper, Esq.
Primmer & Piper, P.C.
for Swanton Village, Inc. Electric Department and
Vermont Public Power Supply Authority

Andrew N. Raubvogel, Esq.
for the Vermont Department of Public
Service

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I. INTRODUCTION

This Proposal for Decision ("PFD") recommends that the Public Service Board ("Board") approve the integrated resource plan ("IRP") of the Swanton Village, Inc. Electric Department ("Swanton") pursuant to a Stipulation in this Docket filed by Swanton, Vermont Public Power Supply Authority ("VPPSA") and the Department of Public Service ("Department" or "DPS"). As filed, Swanton anticipates peak demand savings of 614.1 kilowatts ("KW") and energy savings of 8,451 megawatt hours ("MWHs") through 1999. Swanton's cost-effective demand-side management ("DSM") programs will result in an estimated net societal benefit of \$186,326. The parties agree that Swanton's IRP, as modified by the Stipulation, meets the requirements of 30 V.S.A. § 218c and complies with the Board's Orders in Docket No. 5270 and the DPS's Twenty-Year Plan. I recommend that the Board approve this IRP, subject to Swanton's compliance with the conditions and agreements incorporated in the Stipulation.¹

II. BACKGROUND

Swanton filed this IRP on March 1, 1995. This filing was a revision to Swanton's previous IRP filed on June 17, 1991. Revisions were made to Swanton's IRP over the interim period as the DPS and Swanton had informal discussions regarding Swanton's IRP.

A status conference was held on June 13, 1995, at which time a schedule was set. A technical hearing concerning the issues to be resolved pursuant to the Board's ruling in Docket No. 5270-HDPK-1 was held on June 28, 1995.

On August 31, 1995, the DPS, Swanton, and three other VPPSA-member utilities² requested consolidated technical hearings in their respective IRP dockets. The request was granted by Order dated September 7, 1995. Prior to the technical hearing, the parties prefiled testimony on several issues. However, on September 22, 1995, the parties filed a Stipulation resolving all outstanding issues regarding Swanton's IRP. An evidentiary hearing on the Stipulation was held on October 3, 1995.

On October 19, 1995, a proposed order was filed by Swanton. In its cover

1. As detailed below, Swanton has already made many of the compliance filings required by the parties' Stipulation.

2. The three other VPPSA-member utilities are Village of Enosburg Falls Water and Light Department, Village of Jacksonville Electric Company, and Village of Stowe Water and Light Department.

letter, Swanton waived its right to comment on this PFD, provided that the PFD is consistent with Swanton's proposed order. On January 3, 1996, the DPS waived its right to comment on this PFD, provided it is consistent with the parties' stipulation and Swanton's proposed order.

III. FINDINGS OF FACT

A. Transmission and Distribution

1. Swanton has agreed to perform a transmission and distribution ("T&D") study in accordance with the T&D design plan. The T&D study will be prepared in accordance with a schedule outlined in a compliance filing due on November 15, 1995.³ Stip. at 2 at Attachment 1.

2. Swanton has agreed to begin the T&D study by no later than January 1, 1996, and to complete it and submit it to the Public Service Board as a compliance filing no later than July 1, 1996. Stip. at 2.

3. Swanton has agreed to submit as a compliance filing by August 1, 1996, a schedule detailing the timely implementation of the recommendations contained in the T&D study. *Id.*

B. Load Forecast

4. Swanton currently has 3,003 customers of which 2,687 are residential, 242 are small commercial, 71 are large industrial, and the remainder are public. Exh. Swanton-1 at page 3.1.1

5. Swanton projects a peak of 10,930 KW and energy consumption of 63,777 MWHs in 1999. Exh. Swanton-1 at pages 1.1.1 and 1.1.3.

6. While acknowledging that the ultimate conclusions embodied in Swanton's load forecast may be reasonable, the Department does not agree with Swanton's extrapolative forecasting methodology. Stip. at 2-3.

7. Swanton has agreed not to rely on the load forecast in the IRP for future supply acquisitions that require approval under 30 V.S.A. § 248. Swanton may rely on the load forecast for identifying avoided costs in order to determine cost-effective T&D improvements and DSM measures and programs. Stip. at 3.

8. Swanton has agreed to submit a compliance filing by November 15, 1995, detailing how it will analyze alternatives to its current load forecast to address the DPS's concerns.⁴ Stip. at 4.

C. Supply Resources

3. Swanton filed the schedule for its T&D study on 11/15/95.

4. Swanton made this filing on 11/15/95.

9. The Department believes that Swanton's IRP contains certain deficiencies in considering alternative supply and long-term pricing assumptions. Swanton disagrees with the Department's criticisms. Stip. at 4-5.

10. Swanton has agreed to submit a compliance filing by December 22, 1995, which will contain revised avoided costs using proxy units described in Attachment II.⁵ Swanton also agreed to use interim avoided cost values contained in Attachment III. Stip. at 6.

11. Swanton agrees not to use the supply plan in this IRP for any future energy capacity purchase that exceeds a five-year period and represents more than one percent of Swanton's historic peak demand. *Id.*

12. Swanton agrees to use the principles of least-cost planning in all future supply resource acquisitions. *Id.*

D. Demand-Side Management

13. Swanton estimates that cost-effective DSM programs will result in savings to Swanton ratepayers of 614.1 KW and 2,082 MWHs in 1999, or 5.7% of anticipated peak load and 3.3% of anticipated energy requirements in that year. Exh. Swanton-1 at Attachment 3.1.

14. Swanton projects a societal benefit from all cost-effective DSM program activities of \$714,395 with an attendant societal cost of \$528,070 on a net present value basis. This will result in an estimated net societal benefit of \$186,326 and a benefit cost ratio of 1.35 to 1. Exh. Swanton-1 at Attachment 3.1.

i. Residential Fuel-Switching/ High Use

_____15. Swanton has agreed to determine if there are cost-effective residential space heating or water heating fuel-switching opportunities in its service territory. Swanton will implement the fuel-switching programs approved in Docket No. 5270-HDWK-1 for any cost-effective fuel-switches. Stip. at 7.

16. Within thirty days after Swanton revises its avoided costs, it will analyze the cost-effectiveness of residential fuel-switching using the binning methodology, and file a program to acquire those resources if a significant amount of cost-effective fuel-switching is available. If fuel-switching is not cost-effective, Swanton will screen weatherization measures and determine the cost-effectiveness of a residential high use program. Swanton will file the results of its analysis with the Board and the DPS.⁶ Stip. at 7-8.

5. Swanton filed its revised avoided costs on 12/22/95.

6. Swanton's filing is due 1/22/96, thirty days after filing its revised avoided costs on 12/22/95.

ii. Measure and Program Screening Methodology

17. The Department and Swanton agree as follows:

(a) The Department will accept Swanton's program screening for programs with one measure. Swanton agrees, where appropriate, to provide program screening results as a summary of individual measures for all multi-measure programs;

(b) Swanton agrees to use the binning methodology;

(c) Swanton agrees to provide complete and accurate documentation of assumptions used for measure costs and savings as programs are evaluated and re-designed or by January 1, 1996, whichever is sooner.⁷ Stip. at 8.

iii. Other DSM Resources

18. Swanton agrees that in its next IRP it will develop a comprehensive lost opportunities strategy for securing DSM resources from all relevant customer classes. A second set of retrofit program designs will be explicitly modeled. Stip. at 9.

19. The issue of the load impact of DSM resources beyond the proposed DSM programs may be re-opened in any applicable proceeding under 30 V.S.A. § 248. Stip. at 9.

E. Other

20. The Department and Swanton have agreed that Swanton should file its next IRP on May 1, 1998. Tr. 10/3/95 at 28.

IV. DISCUSSION

Swanton's first IRP was filed on June 17, 1991. The IRP reviewed in this Docket, filed on March 1, 1995, was a substantial revision to the 1991 filing. Between June 1991 and

7. Swanton made this filing on 12/21/95.

March 1995, several VPPSA-member IRPs were reviewed and approved by the Board. The current IRP, as modified by the parties' stipulation, incorporates many of the analytical approaches, screening methodologies, program designs, and compliance filing requirements approved in prior VPPSA-member IRP dockets.⁸ The parties are to be commended for reaching agreement on many contentious issues and avoiding protracted litigation. In many respects, this IRP incorporates the best elements of other VPPSA-member IRPs and reflects the benefits of lessons learned from program implementation.

Swanton has been implementing a dairy farm DSM program, on a limited basis, since 1992. More recently, Swanton has been implementing interim, cost-effective programs for residential and small commercial customers.⁹ The additional programs contained in Swanton's IRP reviewed here will provide additional opportunities for customers to implement cost-effective measures, as well as provide a more comprehensive set of programs.

Swanton is one of four VPPSA-member first-round IRPs to be settled on a consolidated basis. The Department and Swanton have agreed on certain modifications to Swanton's IRP and have agreed that with those modifications Swanton's IRP should be approved by the Board as meeting the statutory criteria of 30 V.S.A. § 218c. Based on the evidence in this Docket, I conclude that Swanton's IRP, as modified by the stipulation, is a least-cost plan that will acquire all cost-effective DSM pursuant to 30 V.S.A. § 218c and the Board's Order in Docket No. 5270.

I recommend that the Board approve Swanton's IRP as modified by the parties' Stipulation.

The foregoing is hereby reported to the Public Service Board in accordance with the provisions of 30 V.S.A. § 8. The parties have waived their right to comment on this Proposal for Decision in accordance with 3 V.S.A. § 811.

DATED at Montpelier, Vermont, this 16th day of January, 1996.

s/Paul R. Peterson

Paul Peterson, Esq.
Hearing Officer

8. See, Docket No. 5270-LDLW-1, Order of 12/3/92; Docket No. 5270-LYND-1, Order of 11/30/93; Docket No. 5270-HDWK-1, Order of 12/2/94; and Docket No. 5270-HDPK-1, Order of 5/15/95.

9. See, Swanton's 1994 DSM annual report filed on 5/8/95.

V. ORDER

It Is Hereby Ordered, Adjudged and Decreed by the Public Service Board of the State of Vermont that:

1. The findings, conclusions and recommendations of the Hearing Officer are hereby adopted.
 2. Swanton's IRP is approved as modified by the parties' Stipulation.
 3. Swanton shall submit a complete transmission and distribution study to the Board and the Department by July 1, 1996.
 4. Swanton shall submit a plan and schedule detailing the timely implementation of the recommendations of the transmission and distribution study by August 1, 1996.
 5. Swanton shall submit, as a compliance filing, results of the screening of weatherization measures for cost-effectiveness for its residential high-use program, together with a program design if it is cost-effective, by January 22, 1996.
 6. Swanton shall file a DSM annual report on or before April 1 of each year, with the first report due April 1, 1996.
 7. Swanton shall file its next IRP on or before May 1, 1998.
- DATED at Montpelier, Vermont, this 17th day of January, 1996.

<u>s/Richard H. Cowart</u>)	
)	PUBLIC SERVICE
<u>s/Suzanne D. Rude</u>)	
)	BOARD
)	
<u>s/David C. Coen</u>)	OF VERMONT

OFFICE OF THE CLERK

FILED: JANUARY 17, 1996

ATTEST: s/Cynthia G. Buska
Assistant Clerk of the Board

Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board of any technical errors, in order that any necessary corrections may be made.

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.